

DM&L

Datsopoulos, MacDonald & Lind, P.C.

LAW OFFICES | EST. 1974

Missoula Offices

Central Square Building
201 W. Main Street, Suite 201
Missoula, MT 59802

Phone: 406.728.0810
Fax: 406.543.0134

www.dmlaw.com

Hamilton Offices

Hamilton Center
1920 N. First Street, Suite C
Hamilton, MT 59840

Phone: 406.961.9003
Fax: 406.961.9004

www.dmlaw.com

Milton Datsopoulos

Dennis E. Lind
William K. VanCanagan
Rebecca L. Summerville
David B. Cotner
Darla J. Keck
Terance P. Perry
Molly K. Howard
Phil McCreedy
Trent N. Baker
Peter F. Lacny
Joseph R. Casillas
George H. Corn
Kyle C. Ryan
Shirine D. Fernando
Nathan G. Wagner

ENVIRONMENTAL
PROTECTION AGENCY

MAR 07 2013

MONTANA OFFICE

March 5, 2013

Ronald B. MacDonald [1946-2002]

^ Also admitted in Massachusetts

RE: Butte Mine Flooding Consent Decree – MRI Future Remediation Claim Escrow Annual Report

Dear Parties:

This Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008 the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January, 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account").

In accord with the Settlement Agreement, MRI reports the following for the year 2012:

1. The Escrow balance at January 1, 2012 was Six Million Nine Hundred Seventy Six Thousand Nine Hundred Ninety Six Dollars and Seventy Nine Cents (\$6,976,996.79).

2. One Million Three Hundred Ninety Thousand Four Hundred Thirty Two Dollars and Eighty Eight Cents (\$1,390,432.88) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit Consent Decree which was entered on August 14, 2002) performed during the time period of August, 2011 to July, 2012.

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3. MRI reports that the Work for which it requested and received reimbursement was diversion and treatment of Horseshoe Bend water and water fowl mitigation activities conducted pursuant to the terms of the BMFOU CD. During the reporting time period approximately 2,059,690,376 gallons of Horseshoe Bend water was diverted and treated. Water diversion and treatment costs include costs to operate, maintain, and improve the water treatment plant to treat approximately 5 million gallons per day of the Horseshoe Bend water. Lime delivered to and used at the water treatment plant is the single largest water treatment cost and represents 62% of total costs. Other significant expenses include lime freight, power and labor, which represent 8%, 7%, and 7%, respectively, of total costs.

4. Interest earned on the funds held in the Escrow Account was Twenty Eight Thousand Nine Hundred Fourteen Dollars and Nineteen Cents (\$28,914.19).

5. The Partnership reimbursed the Escrow Account One Thousand Dollars (\$1,000.00) for the 2011 Escrow fee that was taken out of the account. The 2012 Escrow fee was paid with funds outside the Escrow Account.

6. The Escrow Account balance at December 31, 2012 was Five Million Six Hundred Sixteen Thousand Four Hundred Seventy Eight Dollars and Ten Cents (\$5,616,478.10).

Please contact me if you have any questions concerning this Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.



Rebecca L. Summerville

MAILED TO:

United States:

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611

Director, Montana Office
U.S. Environmental Protection Agency
Region 8 - Montana Office
10 West 15th Street, Suite 3200
Helena, MT 59624

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As to the Settling Federal Agencies:

Mike Zevenbergen, Trial Attorney
Environmental Defense Section
c/o NOAA Damage Assessment
7600 Sand Point Way, NE
Seattle, WA 98115

EPA:

Sara Sparks (*sent by U.S. Post and email: sparks.sara@epa.gov*)
EPA Project Coordinator
U.S. Environmental Protection Agency
Region 8 – Montana Office
Federal Building – Room 339
400 North Main
Butte, MT 59701

Charles Coleman (*via email: coleman.charles@epa.gov*)
EPA Alternate Project Coordinator

D. Henry Elsen
U.S. Environmental Protection Agency
Region 8 – Montana Office
10 West 15th Street, Suite 3200
Helena, MT 59624

State or DEQ:

Daryl Reed
State Project Officer
Mine Flooding CERCLA Site
Department of Environmental Quality
Remediation Division
P.O. Box 200901
Helena, MT 59620-0901

Mary Capdeville
CERCLA Site Attorney
Mine Flooding CERCLA Site
Department of Environmental Quality
Legal Unit (Remediation)
P.O. Box 200901
Helena, MT 59620-0901

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Settling Defendants:

Roy Thun

Project Coordinator

Atlantic Richfield Company

317 Anaconda Road

Butte, MT 59701

Jean A. Martin

Senior Attorney - HSSE

BP Legal / BP America Inc.

501 Westlake Park Blvd.

MC 16.177A

Houston, TX 77079

and

Rolin P. Erickson, President – Montana Resources, LLP

Lawrence R. Simkins, President – Montana Resources, Inc.

Dennis R. Washington